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**Mexico To Get \$3.25B -3-: For Fobaproa Fund In Part**

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The special program will be used to support the national banking system through the National Banking Commission and its deposit guarantee fund known as Fobaproa.

Fobaproa alots funds to banks that are having trouble meeting Mexico's minimum 8% capital ratio requirement.

The World Bank, IABD and Mexican authorities also agreed to work together to come up with policies that will ensure the solvency of Mexico's banks.

They will also beef up accounting and public reporting standards for Mexico's banks and carry out regular inspections of the banks' books.

Most of the money, \$2.25 billion, will go directly to supporting the banking system, while \$1 billion will go toward helping banks support government social programs for lower social strata most affected by Mexico's financial crisis.

Only Friday, authorities seized bank group Asemex Banpais S.A. to save it from insolvency. Since authorities last month hiked loan-loss reserve requirements, many banks are in danger of falling below minimum capital requirements.

Others see asset quality deteriorating rapidly as soaring interest rates choke off new lending and force many borrowers into default.

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